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Commemorative meeting of the twentieth anniversary of the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries

Letter dated 9 December 1998 from the Permanent Representative of Indonesia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the Bali Declaration and the Bali Plan of Action adopted by the Group of 77 High-level Conference on Regional and Subregional Economic Cooperation, held in Bali, Indonesia, from 2 to 5 December 1998 (see annexes).

On behalf of the Group of 77, I would highly appreciate it if you could arrange for the present letter and its annexes to be circulated as an official document of the General Assembly under agenda items 12, 91, 93, 95 and 99.

(Signed) Makarim **Wibisono**
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Annex I

Bali Declaration on Regional and Subregional Economic Cooperation of the Developing Countries

1. Pursuant to the provisions of the Caracas Programme of Action, adopted in 1981, and of the San Jose Declaration adopted by the Group of 77 Conference on Trade, Investment and Finance held in San Jose, Costa Rica, from 13-15 January 1997, and endorsed by the 22nd Ministerial Meeting of Foreign Affairs held in New York on 25 September 1998, a High Level Conference on Regional and Subregional Economic Cooperation of the Developing Countries was held in Bali, Indonesia, from 2-5 December 1998.

2. The Conference was attended by high level participants from member countries of the Group of 77, the United Nations organs and bodies and regional and subregional economic grouping/communities. The Conference focused on identifying innovative strategies for the promotion cooperation between and among regional and subregional economic groupings/communities, and arrangements of the developing countries. The outcome of this Conference should also serve as a useful input for the South Summit to be held in Havana in the year 2000 which should provide a forum at the highest political level for reviewing progress made and identifying constraints so as to strengthen South South Cooperation.

3. The Conference took place at a time when the twin forces of globalization and liberalization of trade and capital flows are profoundly changing global economic processes and relations. It recognized that globalization and liberalization present challenges and opportunities as well as risks.

4. The Conference noted with deep concern that notwithstanding the promise of a new dawn of prosperity through the phenomenon of globalization and liberalization, the world economy is on the brink of recession and is characterized by uncertainty and instability. Economic growth has slowed down for developed and developing countries alike. Growth in world trade has also suffered an acute setback. Developing countries, particularly the least developed among them, have been adversely affected by declining of Official Development Assistance (ODA), excruciating debt burdens and falling commodity prices. Foreign Direct Investment flows have concentrated in few countries and sectors and although FDI is no substitute for ODA, the Conference noted the potential that FDI offers for development. In this context, the Conference called for a more broad-based and enhanced flows of FDI so that all developing countries may benefit from it.

5. The financial crisis, which began in Asia, seriously undermining the development efforts of the developing countries, was a matter of concern to the Conference. The Conference was convinced that in addition to direct contagion and spillover effects from one economy to another, a generalized loss of confidence has exacerbated the crisis. As a result, many developing countries

have suffered colossal losses of financial resources which affected production, export and economic growth. Unemployment has soared and the number of people living below the poverty line has tremendously increased. Food is in short supply while education and health services have been severely affected. The devastating social and economic costs wrought by the crisis, including slowdowns, outright economic collapse and the threat of a deep global recession are cause for serious alarm.

6. The Conference recalled the Ministerial Declaration of the Group of 77 and China of 25 September 1998 and noted in particular paragraphs 11, 12, 13, 62 and 63 of the Declaration and the adverse impact of the issues raised in this paragraph on regional and subregional economic cooperation.

7. The Conference noted that the economic and social setbacks have highlighted the need and urgency of strengthening South-South cooperation. The political and strategic importance of South-South cooperation lies in its ability to provide developing countries with appropriate stimuli to intensify and widen the scope of economic relations and tap the vast potential of intra-South cooperation, as well as ensuring an equitable North-South partnership in managing globalization. It stressed the critical need to promote truly meaningful and concrete forms of South-South cooperation to further enhance our collective self-reliance endeavors.

8. South-South cooperation is poised to play a more dynamic and critical role in the global economy and geopolitics of the 21st century. This cooperation over the years has progressed on its own; its successes and shortcomings have been amply identified and assessed. There are critical areas which require further strengthening of South South cooperation, and there are cooperative endeavors which have been slow and sporadic in nature. In fact, there are possibilities and potentials that remain dormant and untapped.

9. The Conference underlined the important role of regional and subregional economic cooperation among developing countries in promoting South-South cooperation. For these cooperative endeavors to concretely bolster South-South cooperation, they must evolve into long-term sustainable undertakings, keep pace with global developments, and provide prospects for economic, social and institutional linkages among the countries of the South.

10. The Conference stressed the significant role of regional and subregional economic and technical cooperation in improving the welfare and standard of living of peoples in the developing countries and thus contribute to the effort of international community in eradicating poverty,

11. Regional and subregional economic cooperation through inter-alia, custom unions, free trade areas, common markets and other preferential arrangements which provide the raison d'être of many subregional groupings/communities, should be seen as complementary and an important tool for global economic integration. They should constitute building blocks rather than stumbling blocks to multilateralism. At the same time, the international economic environment

should be supportive of the full development of regional and subregional economic groupings/communities.

12. The Conference emphasized the relevance of Economic and Technical Cooperation among Developing Countries (ECDC/TCDC) in the context of globalization and interdependence. ECDC/TCDC can be a tool to maximize benefits that can be derived from economies of scale and complementarities which will enable countries of the South to participate more effectively in the global market. Various regional and subregional cooperation groupings/communities among the countries of the South are, by their very nature, ECDC/TCDC in its broadest sense.

13. In order to strengthen cooperation among regional and subregional groupings/ communities of developing countries, the Member Countries of the Group of 77 will undertake the following priority actions:

* Provide strong linkages between or among these groupings/communities as a means to revitalize and strengthen ECDC/TCDC;

* Establish or strengthen regular mechanisms for consultation, communication and the sharing of information, experience and expertise as well as the identification and execution of joint projects and activities;

* Develop supportive network, institutions and human resources;

* Strengthen cooperation in the areas of transport and communications;

* Revitalize cooperation in such areas as trade, industry and finance, in order to enhance intra-regional trade and investment;

* Promote the participation of the private sector and civil society in strengthening South-South cooperation in regional and subregional economic cooperation;

* Promote the involvement and support of the international community, the United Nations system, funding institution and other international organizations in strengthening South-South cooperation through regional and subregional economic cooperation.

14. The Conference agreed on the need for a closer coordination between the Group of 77 and the Non-Aligned Movement through the Joint Coordination Committee in New York, including for the advancement and the implementation of the Bali Plan of Action on the Regional and Subregional Economic Cooperation of the Developing Countries and stressed the importance of this plan of action for the development of the economic agenda for the South.

15. The Conference underscored the importance of the Perez-Guerrero Trust Fund in enhancing concrete cooperation schemes among countries in the South, and in this regard, it encouraged contributions to the Perez-Guerrero Trust Fund to enable it to support more cooperative projects among developing countries.

16. The Conference therefore reaffirmed its commitments to promote and strengthen regional and subregional economic cooperation among developing countries and adopt the Bali Plan of Action for implementation, with a set of specific measures identified to strengthen and deepen the work ahead as well as to knit closer ties and cooperation among us, to provide further political, financial and institutional impetus to regional and subregional cooperation as we approach the new millennium.

17. The Conference also declared its collective appreciation of its very warm hospitality, excellent facilities and leadership provided for the meeting by the Government and People of the Republic of Indonesia.

Annex II

Bali Plan of Action on the Regional and Subregional Economic Cooperation of the Developing Countries

The present Plan of Action outlines policies, actions and measures of short- and long-term nature to implement the Bali Declaration on Regional and Subregional Economic Cooperation of the Developing Countries. Our success will be measured by concrete and tangible steps taken in the following six areas of operational work.

A. Establish and strengthen regular mechanisms of consultation, communication and the sharing of information, experience and expertise among regional and subregional groupings/communities as well as the identification and implementation of joint projects and activities.

1. The lack and inadequacy of the existing systematic and regular links and mechanisms for cooperation has inter alia hampered cooperation between and among regional and subregional economic groupings/communities of the developing countries. The following measures are therefore identified for action:

a. Further promote and strengthen regular high-level consultations between and among regional and sub-regional economic groupings/communities with the participation of relevant policy-makers and heads of relevant secretariats;

b. Encourage increased interaction and foster cooperation among regional/subregional economic groupings/communities within and between regions and establish working relations with each other;

c. Enhance cooperation among growth triangles, quadrangles and polygons where they exist, and in this regard encourage exchange of experience and information with other subregions;

d. Promote timely study of the impact of the "economic mega-blocs" on economic groupings/communities of the South;

e. Promote timely study of the impact of the recent financial and economic crisis on regional and subregional economic groupings/communities of the South with special emphasis on lessons learned, prevention and management of financial and economic crisis in the future;

f. Promote a study on regional and subregional economic integrations schemes using actual data to prove the benefits of and adjustments required for such schemes.

B. Develop supportive network, institutions and human resources.

2. The common characteristics of integration arrangements have been the removal of tariff and non-tariff barriers. However, this in itself will not accelerate development unless it is accompanied by cooperation in developing supportive network, institutions and human resources. The following measures are identified for action:

a. Develop networking schemes of training and research institutions, universities and centres of excellence in and of the South;

b. Share experiences in building institutional capacity of regional and subregional economic groupings/communities, particularly in areas, such as, conceptualization, including project identification, resource mobilization, and project implementation;

c. To promote cooperation and exchange of expertise in the fields of administration and staff training between and amongst the Secretariats of the Subregional economic groupings/communities with a view to maximizing the benefits of their respective experiences in these fields;

d. Maximize the utilization of training facilities in countries of the South including inter alia, the Non-Aligned Movement Center for Technical Cooperation, the Non-Aligned Movement Research and Information Systems and the Non-Aligned Movement Centre for Science and Technology, in the development of human resources;

e. Organize workshops, training and field visits in specific areas of specialization, as a means of acquiring knowledge and sharing experiences, and facilitate networking among those who are actively involved in South-South cooperation;

f. Organize workshops on multilateral trade negotiations and dispute settlement mechanism, such as in the World Trade Organization (WTO), with special attention to the exchange of experiences and information between South negotiators on timely and regular basis;

g. Undertake training programmes and workshops in negotiating skills and techniques for government officials of the various regional and subregional economic groupings/communities, particularly from the Least Developed Countries (LDCs), so as to enable the officials to participate more meaningfully in the multilateral negotiations;

h. Promote the development of networking of common information and statistical data base on the activities of regional and subregional economic cooperation, drawing from the existing arrangements where they exist in the regional and subregional economic groupings/communities or regional commissions, through inter alia, the establishment of electronic websites with a view to identifying joint projects;

i. Establish a common database for investment and trade opportunities at the regional level between and among regional and subregional economic groupings/communities and disseminate information about such opportunities, identifying and targeting prospective investors and export markets;

j. Encourage the publication of annual statistical yearbook of the activities on regional and subregional economic cooperation;

k. Publish biennial analytical and comparative reports on lessons learned and best practices in developing regional and subregional projects;

l. Recommend the establishment of "focal points" within secretariats of regional and subregional groupings/communities for maintaining regular contacts and communication with other regional groupings/communities;

m. Publish a periodic newsletter carrying topical information about activities of regional and subregional groupings/communities in the South, including progress made and difficulties encountered;

n. Encourage the establishment of regional and subregional centres on the transfer of technology serving all the subregions in each region and strengthen and maximize the utilization of existing regional centres on transfers of technology, including the Non-Aligned Movement Centre for Science and Technology and the Asia-Pacific Centre for Transfer of Technology (APCTT);

o. Undertake an inventory of existing regional and subregional training and research and transfer of technology centres, with the view to assessing their impact and identifying constraints to their optimal utilization and making recommendations, in close collaboration with the host government, in this regard;

p. Encourage regional, subregional and inter-regional cooperation in the areas of science and technology, including bio-technology.

C. Strengthen cooperation in the areas of transport and communication, including building up required infrastructures.

3. An essential prerequisite for effective integration between countries is the cooperation and development of common systems of transportation and communications infrastructure, which assumes special significance in this era of globalization which is driven by the technological revolution in the technology of transportation and communications. Enhanced cooperation in strategic core areas, such as information technologies and telecommunication will also provide a powerful impetus to South-South cooperation and the development of the South. The following proposals are identified for action to strengthen sectoral cooperation in the area of transport and communication;

a. Develop transportation networks within and between regional and subregional economic groupings/communities;

b. Develop land transport networks through inter alia harmonization and standardization of national traffic codes and maximum loads and the removal of non-physical barriers;

c. Develop transportation networks by land, sea and air within and between regional and subregional economic groupings/communities and explore ways and means to maximize the utilization of existing networks, as well as evolve measures to facilitate the smooth movement of goods and services;

d. Promote cooperation in air transport within and between regional and subregional economic groupings/communities;

e. Promote cooperation in sea transport within and between regional and subregional economic groupings/communities;

f. Promote cooperation in railway links and network development within and between regional and subregional economic groupings/communities with the view of achieving greater coordination, including technical harmonization of track gauges and signaling between railways;

g. Promote cooperation in telecommunications including the development of networks within and among regional and subregional economic groupings/communities;

h. Cooperate in the areas of transport and communications especially through the sharing of experience in this area, including aspect related to the involvement of private sector in the development and operations of related infrastructure projects.

D. Revitalize cooperation in areas of trade, industry and finance, in order to enhance inter-regional and intra-regional cooperation.

4. The level of intra-regional, subregional and interregional trade among the South is still very low. It is important to enhance cooperation between and among subregional groupings/communities through open regionalism. The following measures are identified for action to enhance cooperation in the areas of trade, industry and finance;

a. Promote the establishment of appropriate mechanisms including task forces on major issues of interests for the South, including trade, investment, money and finance, commodity, food security and agriculture;

b. Promote cooperation between regional and subregional economic groupings/communities inter alia, in the areas of preferential trade arrangements;

c. Explore supportive mechanisms for regional and subregional economic cooperation by mutually extending reciprocal measures, such as lowering tariff and the removal of trade barriers;

d. Promote cooperation of tariff administrators and customs officials of regional and subregional economic groupings/communities with a view to enhancing information exchange and promoting joint customs inspections;

e. Promote intra-regional trade through the granting of trade financing facilities backed by regional development banks, including through a common payment systems within and between subregions;

f. Promote establishment of regional funding facilities to provide emergency financial assistance;

g. Explore the establishment of payment mechanism including clearing house systems and currency convertibility within the participating subregions and where such arrangements exist, assess the effectiveness of such arrangements with the view to identifying constraints and

addressing such constraints through concrete measures;

h. Encourage establishment of surveillance mechanisms to act as early warning system in various regional and subregional economic groupings/communities taking into account the need to reform the international financial architecture;

i. Promote cooperation among the national capital markets and to study the feasibility of establishing a regional capital market;

j. Adopt concrete measures to encourage intra-South investment in manufacturing and service sectors, including through innovative forms of joint ventures such as joint marketing;

k. Enhance cooperation in investment, policies, including inter alia, guarantee investment policy with the view to maximizing foreign direct investment in the expanded markets provided by the regional and subregional groupings/communities;

l. Explore the possibilities of extending and applying industrial complementarity schemes developed in subregional economic groupings/communities to other groupings;

m. Encourage harmonization in standards and quality through cooperation of schemes in subregional groupings/communities with a view to facilitating the elimination of trade barriers.

E. Promote the participation of the private sector and civil society in strengthening South-South cooperation.

5. The private sector, has an important role in promoting regional and subregional economic cooperation. Effective involvement of the private sector would enhance their contribution to such cooperation. The following measures are identified for action to promote effective participation of the private sector and civil society in regional and subregional cooperation:

a. Promote the dialogue between policy-makers and the private sector to develop shared visions of economic development;

b. Encourage exchange of visits of private sectors between regions and subregions, and promote their participation in the annual meetings of regional and subregional economic groupings/communities;

c. Encourage chambers of commerce and industry to establish partnership, linkages and communication between business sectors from different regional and subregional economic groupings/communities with a view to fostering cooperation and exchange of views and experience among economic actors;

d. Encourage measures to enhance entrepreneurial and technical capacity of the private sector and other relevant actors of civil society by inter alia providing vocational training, in particular for the development of small-medium enterprises;

e. Facilitate inter-subregional networking of chambers of commerce and industry, trade and professional associations and other relevant actors of civil society, such as parliamentarians, scientists, academicians, young entrepreneurs and scholars and with a view to sharing and exchanging market information;

f. Promote the important role of women in business, trade and industry;

g. Promote joint exhibitions by the private sector;

h. Promote the implementation of joint projects involving co-financing with governments,

F. Promote the involvement and support of the United Nations system, funding institutions and other international organizations as well as the international community in strengthening South-South cooperation through regional and subregional cooperation.

6. The various United Nations bodies and agencies, funds and programmes, global and regional financial and development institutions and international community have rendered invaluable help to the promotion of regional and subregional economic cooperation. Particular attention should be given by these institutions to develop cooperation between and among these groupings/communities, with due consideration for the specificities of African economies. The following proposals are identified for action by the international community to assist the efforts of the developing countries in promoting regional and subregional economic cooperation:

a. Call upon the international community, including international financial institutions and regional development banks, to provide necessary support in the implementation of this Plan of Action, inter alia, in the areas of infrastructure development, trade financing and investment;

b. Invite the United Nations bodies and agencies and institutions to exert their best effort in supporting the objective of this Plan of Action and to contribute to its implementation by providing appropriate support with a view to strengthening regional and subregional economic cooperation through their respective work programmes and within their areas of competence;

c. Invite the United Nations Development Programme (UNDP) to continue and increase their assistance to the regional and subregional economic groupings/communities in implementing this Plan of Action, inter alia, in the areas of capacity and institutional building and human resources development;

d. Invite Regional Commissions to continue and increase their assistance to the regional and subregional economic groupings/communities in implementing this Plan of Action, inter alia, in the areas of networking, development of common data base, training and research as well as strengthening the linkages between and among regional and subregional economic groupings/communities;

e. Invite the United Nations Conference on Trade and Development (UNCTAD) to continue and increase its assistance to the regional and subregional economic groupings/communities in implementing this Plan of Action, inter alia, in the areas of trade, investment, monetary and financial issues, research and transfer of technology and shipping and transportation;

f. Invite the think-tanks of the South, including the South Centre, to continue and increase their assistance to the regional and subregional economic groupings/communities in implementing this Plan of Action, inter alia, in the areas of analysis and technical back-stopping on issues of importance to the South;

g. Invite the Perez Guerrero Trust Fund (PGTF) to consider this Plan of Action in providing assistance to the developing countries for the promotion of South-South cooperation, bearing in mind the priorities set in its guidelines for project approval.